



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

April 8, 2008

Dov Rackliff, Senior Vice-President, Retail
Adir International dba La Curacao
1605 W. Olympic Blvd., Suite 600
Los Angeles, CA 90015

Dear Mr. Rackliff:

RE: FINAL MONITORING VISIT REPORT for Adir International dba La Curacao – ET06- 0201

Date of the Visit:	3/11/08
Beginning/Ending Time:	10:00 a.m. – 2:30 p.m.
Date of Last Visit:	9/26/07
Visit Location:	Los Angeles
Persons in attendance:	Veronica Gomez, HR Director, La Curacao Magda Andrade, Training Manager, La Curacao Maria Sofia Rodriguez, Trainer, La Curacao Gilberto Pelaez, ETP Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	12/31/05 – 12/30/07	Agreement Amount:	\$428,281
Training Start Date:	1/06/06	No. to Retain:	486
Date Training must be Completed:	10/01/07	Range of Hours:	60 - 140
Type of Trainee:	SET Frontline Workers	Weighted Ave. Hours:	68 - 92

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ETP (04/15/05)

FINAL REPORT SUMMARY:

• HISTORY OF AGREEMENT CHANGES

The Agreement was executed on 1/20/06 and training began on 1/06/06. Your staff reported that all training was completed on 9/29/07, which allows for the 90-day retention period to be completed within the term ending date of the Agreement on 12/30/07.

ETP approved one Agreement Amendment on 1/01/06, which changed the Agreement Signatory from Mike Ledezma to Dov Rackliff. A second Agreement Amendment to add Literacy Skills training to Jobs 3 and 5 was approved on 1/02/06.

In reference to the overall experience you had in implementing the ETP project, your project staff addressed the following questions:

- 1) **Barriers in implementing the ETP project:** experience with prior ETP projects was of great help with the administration of this project. However, this project had different challenges due to the changing environment of the company; the variable reimbursement method which was new to you; training locations in several counties and different wage requirements.
- 2) **Problems, if any, with ETP record keeping:** ETP record keeping was easy to handle. Attendance rosters and the ETP on-line system are practical and simple. There were minor issues with over/under enrollment on some jobs. However, ETP staff was always available to assist you.
- 3) **Assistance ETP could have provided to improve process for future Contractors:** Include on the on-line tracking system a communication system (internal e-mail) to add notes and have the letters (responses) from the Fiscal Unit as PDF files in the on-line system. This way, employers can find out faster the issues with specific records, drops or payments rejected by ETP. In addition, assigning a specific analyst from the Fiscal Unit to each employer could have a positive impact.
- 4) **How did your company benefit from ETP training:** The Company benefited enormously from implementing ETP training. Intensive training in several areas has become part of the company culture which has helped in the internal growth of the employees and the company. Training in Business Skills, VESL and Continuous Improvement has made a great difference in the company's growth. The best example of these improvements is with your newest location which opened in November 2007 in Anaheim. This store, with 230 new positions including Managers, Supervisors and Group Leaders was staffed with individuals who were promoted from locations that had received the ETP training.
- 5) **The reason(s) why you did not complete the number (489) of trainees specified in the Agreement.**

Growth has been the biggest challenge. Handling many Job numbers with different requirements made it hard to keep students in the right Job number. Internal movement of employees could not be stopped due to their enrollment in ETP, particularly when they were promoted or moved to better positions. The opening of your first out-of state location resulted in the transfer of 40 associates who volunteered to move to that location. Many of those individuals had to be dropped from the ETP training.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	448	Completed Retention:	247
Dropped Following Enrollment:	201	In Retention Period:	0
Completed Training:	269		

The above information differs from the data on the Contract Status Report because approximately 22 trainees who completed training but did not complete their 90-day retention period will be dropped by the Fiscal Unit when the final Invoice is processed.

This Agreement utilizes the variable reimbursement method for jobs 1 through 6. To date, the ETP Class/Lab Tracking System reports the following number of training hours for trainees who completed the required minimum hours:

Job #	No. of training hours	ETP Funding	Potential Earnings
1	1,442	\$ 17,304	\$ 13,122
2.	2,835	\$ 42,588	\$ 25,799
3	5,667	\$ 79,456	\$ 51,570
4	2,167	\$ 58,812	\$ 28,171
5	5,811	\$ 89,505	\$ 75,543
6	11,231	\$140,616	\$102,202
Total	29,153	\$428,281	\$296,407

Note: All progress payments are earned only after the training and employment retention are completed and the Contractor completes all other requirements in the Agreement.

According to the data shown on the above chart, there are potential earnings of \$296,407 based on the total number (29,153) of training hours delivered to trainees. However, that sum could change when ETP's Fiscal Unit processes the final invoice (recently submitted to ETP) and adjustments are made for payments that were made for approximately 22 trainees who completed training but did not complete the retention period and are therefore ineligible for reimbursement. To date, ETP data indicated that your company has been paid a total of \$173,601.25 in progress payments.

ATTENDANCE ROSTERS/INVOICES:

To verify the provision of training, the Analyst reviewed the attendance records for seven Job 1 trainees billed for payment on Invoice # 8 and eight Jobs 2, 4 and 6 trainees billed for payment on Invoice # 10. With the exception of a couple of rosters that did not have the instructor's signature, the records meet ETP requirements. The Contractor's staff agreed to obtain the required instructor(s) signature for the records in question.

AUDIT:

The Contractor will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Mr. Pelaez at (818) 755-1323 or by email at gpelaez@etp.ca.gov within ten (10) working days from the receipt of this letter.

Sincerely,

Dolores Kendrick, Manager
North Hollywood, Regional Office

Gilberto Pelaez, Contract Analyst
North Hollywood, Regional Office

cc: Magda Andrade, La Curacao (via e-mail)
Ada Carrillo, Acting Executive Director
Kulbir Mayall, Manager, Fiscal and Certification
Master File
Project File

Date report mailed to Contractor _____